

March 18, 2005

2004-2005 INTER-DISTRICT PROJECT SOLICITATION
THE CARL MOYER MEMORIAL AIR QUALITY STANDARDS ATTAINMENT
PROGRAM

California Air Resources Board
March 18, 2005

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I. BACKGROUND

Heavy-duty diesel engines are economical to operate for businesses; however, they are significant contributors to California's air pollution problems. Although they comprise less than five percent of the engines that power vehicles and mobile equipment in California, they produce approximately 40 percent of the state's emissions of oxides of nitrogen (NOx), a smog-forming pollutant. In addition, the Air Resources Board (ARB) has identified diesel particulate matter as a toxic air contaminant that can cause cancer. While new heavy-duty diesel engines are getting progressively cleaner, existing older diesel engines can last for decades, making it difficult to improve air quality and reduce health risks in the near-term.

In 1998, the Governor and Legislature appropriated \$25 million to implement the Carl Moyer Memorial Air Quality Standards Program (Carl Moyer Program). Administered by the ARB and the local air pollution control districts (air districts), the program provides grants to local air districts to pay for the extra capital cost of cleaner-than-required diesel-powered heavy-duty vehicles and equipment. During the first five years, the Carl Moyer Program received annual budget appropriations totaling \$154 million.

In 2004, the Governor and the Legislature enhanced the Carl Moyer Program by providing a significant source of long-term funding and modifying program requirements. Program modifications include:

- Covered pollutants expanded from NOx-only to include particulate matter (PM) and reactive organic gases (ROG).
- Adjusted Smog Check, tire, and Department of Motor Vehicle fees provide an ongoing source of funding through 2015.
- Fleet modernization, light-duty vehicle projects, and an expanded agricultural assistance program become eligible for incentive funds.

ARB sets the Carl Moyer Program Guidelines¹, while the participating air districts administer the program locally according to specific regional needs. Most districts require a high percentage of a project's operation to take place within district boundaries, making it difficult for projects that cross air district boundaries to fit into each district's prescribed criteria.

Section 44286 of the Health and Safety Code gives ARB the authority to reserve up to ten percent of the program's funding for multi-district projects. This 2004-2005 Multi-District Project Solicitation seeks projects that operate a portion of the time or miles outside their primary district of operation (within California), or

¹ The September 30, 2003 Carl Moyer Air Quality Standards Attainment Program Guidelines may be accessed at: <http://www.arb.ca.gov/msprog/moyer/2003moyerguide.pdf>

projects with significant air quality impacts in other air districts as a result of air pollutant transport.

II. ELIGIBLE PROJECTS

Not all types of multi-district projects eligible for Carl Moyer Program funds qualify for the 2004-2005 Multi-District Project Solicitation. The ARB is limiting this solicitation to projects of a statewide priority. This solicitation is directed **only** to:

- Goods movement projects, including:
 - marine vessels and locomotives
 - off-road equipment located at a maritime port or rail yard
 - on-road heavy-duty vehicles that transport cargo to and from a maritime port or rail yard
- Off-road construction equipment that operates in more than one air district
- PM retrofit devices that also get NOx reductions for on-road heavy-duty vehicles that operate in more than one air district

To be eligible for funding as a goods movement project, off-road equipment must permanently operate at a port or rail yard, and on-road heavy-duty trucks must make at least 400 annual trips to a port or rail yard. Except for marine vessel projects, all vehicles and engines must accrue at least 75% of total fuel consumption or miles traveled within California for the life of the project. All eligible projects must comply with the September 30, 2003 Carl Moyer Program Guidelines, the Carl Moyer Program Advisories effective January 1, 2005¹, and the specific requirements of this solicitation.

Only complete applications, signed by an entity's authorized representative, will be considered. Incomplete applications or proposals not meeting the minimum requirements will not receive consideration.

¹ The Carl Moyer Program Advisories may be accessed at:
http://www.arb.ca.gov/msprog/moyer/advisories_005/05-001_cost_effectiveness.pdf

III. AVAILABLE FUNDING

Section 44286 of the Health and Safety Code gives ARB the authority to reserve up to ten percent of the program's funding for multi-district projects. ARB has set aside a maximum of \$2,928,000 in 2004-2005 for multi-district projects. The ARB is particularly interested in projects of a statewide priority. These funds specifically target projects in the areas listed above that qualify for the Carl Moyer Program, and impact air quality in at least two air districts.

IV. DEFINITIONS

The following definitions apply to the terms used to describe the requirements for the 2004-2005 Carl Moyer Program Multi-District Project Solicitation:

1. District - Air pollution control or air quality management district.
2. Incremental cost - The difference in cost between the lower emission engine or technology and the baseline engine or technology.
3. Multi-district project – A goods movement project which impacts air quality in more than one air district (based on air pollution transport to one or more downwind air districts), or a construction equipment or PM plus NOx retrofit project which operates in more than one air district.
4. Qualifying project - Vehicle or equipment meeting all Carl Moyer Program criteria as specified in the September 30, 2003 Carl Moyer Program Guidelines, the Carl Moyer Program Advisories effective January 1, 2005, and the requirements of this solicitation.
5. Covered emissions – NOx or combustion PM.
6. Applicant - Local air pollution control or air quality management districts may apply. In addition, private entities may apply directly to this solicitation. Private applicants must own and control the equipment for which the Carl Moyer Program Multi-District Project Grant is being requested. The private applicant may be an individual, a partnership, a corporation, a cooperative, or any other legal entity that is directly responsible for equipment purchase and operation. Anyone who owns 20 percent or more of the applicant business is considered to be an applicant principal. All applicant principals must provide financial disclosure. The private applicant must designate a main contact person for the proposal. The main contact person must have the legal authority to submit progress reports and sign legal documentation on behalf of all the applicant principals. The private applicant must be authorized to do business in the State of California and be in good tax standing with the California Franchise Tax Board. No third party applications will be accepted.

7. Primary district - Air district containing applicant's headquarters, main operating station, or depot, or the air district in which vehicle or engine operates the largest portion of time.

V. APPLICATION REQUIREMENTS

All projects shall meet criteria in the current Carl Moyer Program Guidelines, the Carl Moyer Program Advisories (effective January 1, 2005) and the specific requirements of this solicitation. Applicants must meet these criteria and fully complete project applications (found in appendices A through D) to be considered for project funding consideration. Additional information may be requested during the application review process if needed.

VI. APPLICATION PROCESS

Applications will be initially screened to determine that: (1) the projects will reduce emissions or impact air quality in more than one air district; (2) the cost effectiveness will be no more than \$13,600 per ton of NO_x and combustion PM reduced; (3) the technology is commercially available and the emission reductions are real and durable; and (4) the application is complete.

All applications must be received by ARB **no later than 5:00 PM April 18, 2005**. For further assistance, please contact Ms. Stacey Dorais at (916) 322-2383.

A. Project Evaluations and Scoring

The ARB will conduct an evaluation of each qualifying project based on cost-effectiveness, regulatory jurisdiction, environmental justice considerations, project schedule, and application completeness. The maximum score is 100 points. Qualifying projects with the highest overall score will be eligible for funding.

B. Evaluation and Scoring Guidelines

- Cost-Effectiveness - (maximum 25 points) - Projects will be evaluated on cost-effectiveness of NOx and combustion PM¹ emission reductions according to the following chart:

<u>Cost-Effectiveness Range</u>	<u>Points Awarded</u>
\$13,600 - \$10,000	10 points
\$ 9,999 - \$ 6,000	15 points
\$ 5,999 - \$ 3,000	20 points
Less than \$ 2,999	25 points

- Hard-to-Regulate Sources - (maximum 20 points) - Projects will be evaluated based upon the ability of state or local regulators to control emissions from the affected sources. Incentive funding is critical to reduce emissions from sources under federal or international regulatory jurisdiction. These sources often travel across air district, state, or international boundaries, and pose significant air quality challenges. Consideration will also be given to whether the project could potentially receive local air district Carl Moyer Program funding.
- Emission-Impacted Communities – (maximum 20 points) – Projects will be evaluated on their ability to benefit low-income communities and communities of color that are disproportionately impacted by air pollution.
- Project Implementation Plan -- (maximum 20 points) - Projects will be evaluated on the ability to complete the work in a timely manner. ARB is seeking projects that will be implemented as soon as possible. Project implementation plans should describe when work will be completed, where engine repower/retrofit or other work will be done, whether the applicant has successfully and quickly completed similar projects, and other related information.
- Application Requirements - (maximum 15 points) - Application will be evaluated for whether information is provided in a clear and concise manner.

¹ Combustion PM Cost Effectiveness is weighted by a factor of ten as described in ARB Carl Moyer Program Advisory 05-001, http://www.arb.ca.gov/msprog/moyer/advisories_005/05-001_cost_effectiveness.doc.

VII. MONITORING AND REPORTING REQUIREMENTS

- Project awardees must maintain data for the life of the project (at least 3 years).
- Air district awardees must submit an annual report to ARB during the project term. The report shall contain appropriate documentation, such as fuel receipts or hour meter reading, confirming the usage during the project life. Annual proof of insurance shall also be required. Air district awardees must, in written form, inform ARB of any change of ownership or disruption in project operation, which could impact the reported hours or mileage of operation. Any private entities awarded grants through this solicitation will provide the above information in the required reporting format for the air district overseeing their project. ARB reserves the right to inspect all funded projects with a minimum of 48-hour notice for the life of the project contract.

VIII. DISBURSEMENT OF FUNDS

All projects, whether from individual proponents or local air districts, will be administered by the local air district where the vehicles or equipment are headquartered. Project awards will be made through a grant agreement between the ARB and the air district. Once the grant award has been fully executed by both parties, payment will be made through a grant disbursement to the air districts. Individual project proponents will be required to enter into a formal agreement with the local air district.

IX. CONTACT PERSON

Please contact Ms. Stacey Dorais for general program issues relating to this grant. Correspondence regarding program issues should be directed to:

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Air Resources Board
P.O. Box 2815
Sacramento, CA 95812
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